

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN BIOMETRIC SCANNING
DEVICES, COMPONENTS THEREOF,
ASSOCIATED SOFTWARE, AND
PRODUCTS CONTAINING THE SAME**

Investigation No. 337-TA-720

**NOTICE OF COMMISSION DECISION TO MODIFY A FINAL INITIAL
DETERMINATION FINDING A VIOLATION OF SECTION 337; ISSUANCE OF A
LIMITED EXCLUSION AND A CEASE AND DESIST ORDER; AND TERMINATION
OF THE INVESTIGATION**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to modify a final initial determination ("ID") of the presiding administrative law judge ("ALJ") finding a violation of section 337 by respondents in the above-captioned investigation, and has issued a limited exclusion order directed against products of respondents Suprema, Inc. ("Suprema") of Gyeonggi, Korea and Mentalix, Inc. ("Mentalix") of Plano, Texas, and a cease and desist order directed against Mentalix.

FOR FURTHER INFORMATION CONTACT: Clint Gerdine, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-2310. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on June 17, 2010 based on a complaint filed on May 11, 2010, by Cross Match Technologies, Inc. ("Cross Match") of Palm Beach Gardens, Florida. 75 *Fed. Reg.* 34482-83. The complaint, as amended on May 26, 2010, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain biometric scanning devices, components thereof, associated software, and products containing the same by reason of infringement of certain claims of U.S. Patent Nos. 5,900,993 ("the '993 patent"); 7,203,344 ("the '344 patent");

7,277,562 (“the ‘562 patent”); and 6,483,932 (“the ‘932 patent”). The complaint further alleges that an industry in the United States exists as required by subsection (a)(2) of section 337, and names two respondents, Suprema and Mentalix.

On November 10, 2010, the Commission issued notice of its determination not to review the ALJ’s ID granting Cross Match’s motion to amend the complaint by adding allegations of infringement as to claims 5-6, 12, and 30 of the ‘562 patent, and claims 7, 15, 19, and 45 of the ‘344 patent. On December 27, 2010, the Commission issued notice of its determination not to review the ALJ’s ID granting Cross Match’s motion to terminate the investigation as to claims 6-8, 13-15, and 19-21 of the ‘932 patent (eliminating this patent from the investigation); claims 13 and 16 of the ‘993 patent; claims 4, 15, 30, 32, and 44 of the ‘344 patent; and claim 2 of the ‘562 patent based on withdrawal of these claims from the complaint. On March 18, 2011, the Commission issued notice of its determination not to review the ALJ’s ID granting Cross Match’s motion for summary determination that it satisfies the economic prong of the domestic industry requirement.

On June 17, 2011, the ALJ issued his final ID finding a violation of section 337 by reason of infringement of one or more of claims 10, 12, and 15 of the ‘993 patent by the imported devices. The ALJ also found a violation of section 337 by reason of infringement of claim 19 of the ‘344 patent. The ALJ found no violation of section 337 with respect to the ‘562 patent. He also issued his recommendation on remedy and bonding during the period of Presidential review. On July 5, 2011, Cross Match, respondents, and the Commission investigative attorney (“IA”) each filed a petition for review of the final ID; and on July 13, 2011, each filed a response to the opposing petitions.

On August 18, 2011, the Commission determined to review the ALJ’s finding of a violation of section 337 based on infringement of claim 19 of the ‘344 patent. The determinations made in the final ID that were not reviewed became final determinations of the Commission by operation of rule. *See* 19 U.S.C. § 210.42(h).

The Commission requested briefing on certain questions concerning the issues under review and requested written submissions on the issues of remedy, the public interest, and bonding from the parties and interested non-parties. *76 Fed. Reg.* 52970-71 (August 24, 2011).

On August 30 and September 8, 2011, respectively, complainant Cross Match, respondents, and the IA each filed a brief and a reply brief on the issues for which the Commission requested written submissions.

Having reviewed the record in this investigation, including the final ID and the parties’ written submissions, the Commission has determined to: (1) modify-in-part the final ID and issue an Opinion supplementing the ID’s analysis concerning its finding that the accused scanners infringe claim 19 of the ‘344 patent; and (2) affirm all other findings of the ID underlying the issue under review. Specifically, the Commission has determined that respondent Mentalix directly infringes claim 19 of the ‘344 patent, and that respondent Suprema indirectly infringes claim 19,


via induced infringement, but does not infringe claim 19 via contributory infringement. These actions result in a finding of a violation of section 337 with respect to claim 19 of the '344 patent.

Further, the Commission has made its determination on the issues of remedy, the public interest, and bonding. The Commission has determined that the appropriate form of relief is both: (1) a limited exclusion order prohibiting the unlicensed entry of biometric scanning devices, components thereof, associated software, and products containing the same that infringe one or more of claims 10, 12, and 15 of the '993 patent and claim 19 of the '344 patent where the infringing scanning devices are manufactured abroad by or on behalf of, or are imported by or on behalf of, Suprema or Mentalix, or any of their affiliated companies, parents, subsidiaries, licensees, contractors, or other related business entities, or successors or assigns; and (2) a cease and desist order prohibiting Mentalix, Inc. from conducting any of the following activities in the United States: importing, selling, marketing, advertising, distributing, offering for sale, transferring (except for exportation), and soliciting U.S. agents or distributors for, biometric scanning devices, components thereof, associated software, and products containing the same that infringe one or more of claims 10, 12, and 15 of the '993 patent and claim 19 of the '344 patent.

The Commission further determined that the public interest factors enumerated in sections 337(d)(1), (f)(1) (19 U.S.C. §§ 1337(d)(1), (f)(1)) do not preclude issuance of the limited exclusion or cease and desist order. Finally, the Commission determined that a bond of 100 percent of the entered value of the covered products is required to permit temporary importation during the period of Presidential review (19 U.S.C. §1337(j)). The Commission's orders and opinion were delivered to the President and to the United States Trade Representative on the day of their issuance.

The Commission has terminated this investigation. The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in sections 210.42, 210.45, and 210.50 of the Commission's Rules of Practice and Procedure (19 C.F.R. §§ 210.42, 210.45, 210.50).

By order of the Commission.


James R. Holbein
Secretary to the Commission

Issued: October 24, 2011

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN BIOMETRIC SCANNING DEVICES,
COMPONENTS THEREOF, ASSOCIATED
SOFTWARE, AND PRODUCTS CONTAINING
THE SAME**

Inv. No. 337-TA-720

LIMITED EXCLUSION ORDER

The Commission has determined that there is a violation of Section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) in the unlawful importation, sale for importation, and sale after importation by Respondents Suprema, Inc. ("Suprema") and Mentalix, Inc. ("Mentalix") of certain biometric scanning devices, components thereof, associated software, and products containing the same, that infringe one or more of claims 10, 12, and 15 of U.S. Patent No. 5,900,993 ("the '993 patent") and claim 19 of U.S. Patent No. 7,203,344 ("the '344 patent").

Having reviewed the record in this investigation, including the written submissions of the parties, the Commission has made its determinations on the issues of remedy, the public interest, and bonding. The Commission has determined that the appropriate form of relief is a limited exclusion order prohibiting entry of infringing biometric scanning devices, components thereof, associated software, and products containing the same, and that are manufactured abroad by or on behalf of, or imported by or on behalf of Suprema or Mentalix. The Commission has also determined that the appropriate form of relief includes a cease and desist order directed against Respondent Mentalix.

The Commission has also determined that the public interest factors enumerated in 19 U.S.C. § 1337(d) do not preclude issuance of the limited exclusion order or cease and desist order, and that there shall be a 100 percent bond during the Presidential review period.

Accordingly, the Commission hereby **ORDERS** that:

1. Biometric scanning devices, components thereof, associated software, and products containing the same, that infringe one or more of claims 10, 12, and 15 of the '993 patent and claim 19 of the '344 patent and that are manufactured abroad by or on behalf of, or imported by or on behalf of, Suprema or Mentalix or any of their affiliated companies, parents, subsidiaries, assigns, or other related business entities are excluded from entry into the United States for consumption, entry for consumption from a foreign-trade zone, or withdrawal from a warehouse for consumption, for the remaining terms of the patents, except under license of the patent owner or as provided by law.

2. Notwithstanding paragraph 1 of this Order, the aforesaid biometric scanning devices, components thereof, associated software, and products containing the same are entitled to entry into the United States for consumption, entry for consumption from a foreign-trade zone, or withdrawal from a warehouse for consumption, under bond in the amount of 100 percent of the entered value of the products pursuant to subsection (j) of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337(j), and the Presidential Memorandum for the United States Trade Representative of July 21, 2005 (*70 Fed. Reg.* 43251), from the day after this Order is received by the United States Trade Representative and until such time as the United States Trade Representative notifies the Commission that this Order is approved or disapproved but, in any event, not later than sixty (60) days after the date of receipt of this Order.

3. At the discretion of U.S. Customs and Border Protection ("CBP") and pursuant to procedures it establishes, persons seeking to import biometric scanning devices, components thereof, associated software, and products containing the same that are potentially subject to this Order may be required to certify that they are familiar with the terms of this Order, that they have

made appropriate inquiry, and thereupon state that, to the best of their knowledge and belief, the products being imported are not excluded from entry under paragraph 1 of this Order. At its discretion, CBP may require persons who have provided the certification described in this paragraph to furnish such records or analyses as are necessary to substantiate the certification.

4. In accordance with 19 U.S.C. § 1337(l), the provisions of this Order shall not apply to biometric scanning devices, components thereof, associated software, and products containing the same that are imported by and for the use of the United States, or imported for, and to be used for, the United States with the authorization or consent of the Government.

5. Complainant Cross Match Technologies, Inc. (“Cross Match”), of West Palm Beach, Florida, shall file a written statement with the Commission, made under oath, on June 30 of each year until the expiration of the patent stating whether an industry in the United States relating to articles protected by the ‘993 patent continues to exist and, if so, briefly describing the activities constituting said industry. The report should at least include the number of ID500 devices covered by the ‘993 patent produced by or on behalf of Cross Match in the United States during the 12 months preceding the date of the report and any plans by Cross Match to abandon its domestic production of those devices. Cross Match shall file the original statement and two copies with the Office of the Secretary and serve a copy of the confidential version on Respondents’ counsel.¹


6. The Commission may modify this Order in accordance with the procedures described in section 210.76 of the Commission’s Rules of Practice and Procedure (19 C.F.R. § 210.76).

¹ Respondents must file a letter with the Secretary identifying the attorney to receive the reports. The designated attorney must be on the protective order entered in the investigation.

7. The Commission Secretary shall serve copies of this Order upon each party of record in this investigation and upon the Department of Health and Human Services, the Department of Justice, the Federal Trade Commission, and CBP.

8. Notice of this Order shall be published in the *Federal Register*.

By order of the Commission.



James R. Holbein
Secretary to the Commission

Issued: October 24, 2011

**UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.**

In the Matter of

**CERTAIN BIOMETRIC SCANNING DEVICES,
COMPONENTS THEREOF, ASSOCIATED
SOFTWARE, AND PRODUCTS CONTAINING
THE SAME**

Inv. No. 337-TA-720

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED THAT Mentalix, Inc., 1255 W. 15th Street, Suite #370, Plano, Texas 75075, cease and desist from conducting any of the following activities in the United States: importing, selling, marketing, advertising, distributing, transferring (except for exportation), and soliciting U.S. agents or distributors for, biometric scanning devices, components thereof, associated software, and products containing the same, that infringe one or more of claims 10, 12, and 15 of U.S. Patent No. 5,900,993 ("the '993 patent") and claim 19 of U.S. Patent No. 7,203,344 ("the '344 patent") in violation of Section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337.

I.

Definitions

As used in this Order:

(A) "Commission" shall mean the United States International Trade Commission.

(B) "Complainant" shall mean Cross Match Technologies, Inc., 3950 RCA Boulevard, Suite 5001, Palm Beach Gardens, Florida 33410.

(C) "Respondent" shall mean Mentalix, Inc., 1255 W. 15th Street, Suite #370, Plano, Texas 75075.

(D) "Person" shall mean an individual, or any non-governmental partnership, firm, association, corporation, or other legal or business entity other than Respondent or its majority owned or controlled subsidiaries, successors, or assigns.

(F) "United States" shall mean the fifty States, the District of Columbia, and Puerto Rico.

(G) The terms "import" and "importation" refer to importation for entry for consumption under the Customs laws of the United States.

(H) The term "covered products" shall mean biometric scanning devices, components thereof, associated software, and products containing the same that infringe one or more of claims 10, 12, and 15 of the '993 patent and claim 19 of the '344 patent.

II.

Applicability

The provisions of this Cease and Desist Order shall apply to Respondent and to any of its principals, stockholders, officers, directors, employees, agents, licensees, distributors, controlled (whether by stock ownership or otherwise) and majority owned business entities, successors, and assigns, and to each of them, insofar as they are engaging in conduct prohibited by Section III, *infra*, for, with, or otherwise on behalf of, Respondent.

III.

Conduct Prohibited

The following conduct of the Respondent in the United States is prohibited by the Order. For the remaining term of the relevant '993 or '344 patent, Respondent shall not:

(A) import or sell for importation into the United States covered products;

(B) market, distribute, sell, or otherwise transfer (except for exportation), in the United States imported covered products;

- (C) advertise imported covered products;
- (D) solicit U.S. agents or distributors for imported covered products; or
- (E) aid or abet other entities in the importation, sale for importation, sale after importation, transfer, or distribution of covered products.

IV.

Conduct Permitted

Notwithstanding any other provision of this Order, specific conduct otherwise prohibited by the terms of this Order shall be permitted if, in a written instrument, the owner of the '993 and '344 patents licenses or authorizes such specific conduct, or such specific conduct is related to the importation or sale of covered products by or for the United States.

V.

Reporting

For purposes of this reporting requirement, the reporting periods shall commence on July 1 of each year and shall end on the subsequent June 30. However, the first report required under this section shall cover the period from the date of issuance of this Order through June 30, 2012. This reporting requirement shall continue in force until such time as Respondent will have truthfully reported, in two consecutive timely filed reports, that it has no inventory of covered products in the United States.

Within thirty (30) days of the last day of the reporting period, Respondent shall report to the Commission (a) the quantity in units and the value in dollars of covered products that Respondent has (i) imported and/or (ii) sold in the United States after importation during the reporting period, and (b) the quantity in units and value in dollars of reported covered products that remain in inventory in the United States at the end of the reporting period. Respondents filing

written submissions must file the original document and two copies with the Office of the Secretary. Any Respondent desiring to submit a document to the Commission in confidence must file the original and a public version of the original with the Office of the Secretary and serve a copy of the confidential version on Complainant's counsel.¹

Any failure to make the required report or the filing of any false or inaccurate report shall constitute a violation of this Order, and the submission of a false or inaccurate report may be referred to the U.S. Department of Justice as a possible criminal violation of 18 U.S.C. § 1001.

VI.

Record-keeping and Inspection

(A) For the purpose of securing compliance with this Order, Respondent shall retain any and all records relating to the sale or distribution in the United States of covered products, made and received in the usual and ordinary course of business, whether in detail or in summary form, for a period of three (3) years from the close of the fiscal year to which they pertain.

¹ Complainant must file a letter with the Secretary identifying the attorney to receive the reports or bond information. The designated attorney must be on the protective order entered in the investigation.

(B) For the purposes of determining or securing compliance with this Order and for no other purpose, and subject to any privilege recognized by the federal courts of the United States, duly authorized representatives of the Commission, upon reasonable written notice by the Commission or its staff, shall be permitted access and the right to inspect and copy in Respondent's principal office during office hours, and in the presence of counsel or other representatives if Respondent so chooses, all books, ledgers, accounts, correspondence, memoranda, and other records and documents, both in detail and in summary form as are required to be retained by subparagraph VI(A) of this Order.

VII.

Service of Cease and Desist Order

Respondent is ordered and directed to:

(A) Serve, within fifteen (15) days after the effective date of this Order, a copy of this Order upon each of its respective officers, directors, managing agents, agents, and employees who have any responsibility for the importation, marketing, distribution, or sale of imported covered products in the United States;

(B) Serve, within fifteen (15) days after the succession of any persons referred to in subparagraph VII (A) of this Order, a copy of the Order upon each successor; and

(C) Maintain such records as will show the name, title, and address of each person upon whom the Order has been served, as described in subparagraphs VII (A) and VII (B) of this Order, together with the date on which service was made.

The obligations set forth in subparagraphs VII (B) and VII (C) shall remain in effect until the dates of expiration of the '993 and '344 patents.

VIII.

Confidentiality

Any request for confidential treatment of information obtained by the Commission pursuant to Sections V and VI of the Order should be in accordance with Commission Rule 210.6, 19 C.F.R. § 201.6. For all reports for which confidential treatment is sought, Respondent must provide a public version of such report with confidential information redacted.

IX.

Enforcement

Violation of this Order may result in any of the actions specified in section 210.75 of the Commission's Rules of Practice and Procedure, 19 C.F.R. § 210.75, including an action for civil penalties in accordance with section 337(f) of the Tariff Act of 1930, 19 U.S.C. § 1337(f), and any other action as the Commission may deem appropriate. In determining whether Respondent is in violation of this Order, the Commission may infer facts adverse to Respondent if Respondent fails to provide adequate or timely information.

X.

Modification

The Commission may amend this Order on its own motion or in accordance with the procedure described in section 210.76 of the Commission's Rules of Practice and Procedure, 19 C.F.R. § 210.76.

XI.

Bonding

The conduct prohibited by Section III of this Order may be continued during the sixty (60) day period in which this Order is under review by the United States Trade Representative as delegated by the President, 70 *Fed Reg* 43251 (July 21, 2005), subject to Respondent posting a bond in the amount of 100 percent of entered value of the covered products. This bond provision does not apply to conduct that is otherwise permitted by Section IV of this Order. Covered products imported after the date of issuance of this order are subject to the entry bond as set forth in the limited exclusion order issued by the Commission, and are not subject to this bond provision.


The bond is to be posted in accordance with the procedures established by the Commission for the posting of bonds by complainants in connection with the issuance of temporary exclusion orders. *See* Commission Rule 210.68, 19 C.F.R. § 210.68. The bond and any accompanying documentation are to be provided to and approved by the Commission prior to the commencement of conduct which is otherwise prohibited by Section III of this Order. Upon acceptance of the bond by the Secretary, (a) the Secretary will serve an acceptance letter on all parties and (b) the Respondent must serve a copy of the bond and any accompanying documentation on Complainant's counsel.²

² *See* n. 1.

The bond is to be forfeited in the event that the United States Trade Representative approves, or does not disapprove within the review period, this Order, unless the U.S. Court of Appeals for the Federal Circuit, in a final judgment, reverses any Commission final determination and order as to Respondent on appeal, or unless Respondent exports the products subject to this bond or destroys them and provides certification to that effect satisfactory to the Commission.

The bond is to be released in the event the United States Trade Representative disapproves this Order and no subsequent order is issued by the Commission and approved, or not disapproved, by the United States Trade Representative, upon service on Respondent of an order issued by the Commission based upon application therefore made by Respondent to the Commission.

By Order of the Commission.


James R. Holbein
Secretary to the Commission

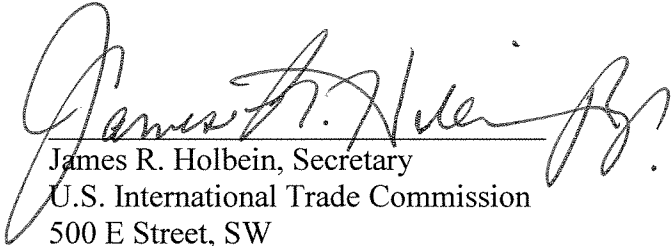
Issued: October 24, 2011

**CERTAIN BIOMETRIC SCANNING DEVICES,
COMPONENTS THEREOF, ASSOCIATED SOFTWARE, AND
PRODUCTS CONTAINING THE SAME**

337-TA-720

CERTIFICATE OF SERVICE

I, James R. Holbein, hereby certify that the attached **Notice** has been served by hand upon the Commission Investigative Attorney, David O. Lloyd, Esq., and the following parties as indicated, on October 24, 2011.



James R. Holbein, Secretary
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

**On Behalf of Complainant Cross Match Technologies,
Inc.:**

Maximilian A. Grant, Esq.
LATHAM & WATKINS LLP
555 11th Street, NW, Suite 1000
Washington, DC 20004

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____

**On Behalf of Respondents Suprema, Inc. and Mentalix,
Inc.:**

V. James Adduci, Esq.
ADDUCI, MASTRIANI & SCHAUMBERG, LLP
1200 17th Street, NW, 5th Floor
Washington, DC 20036

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____